



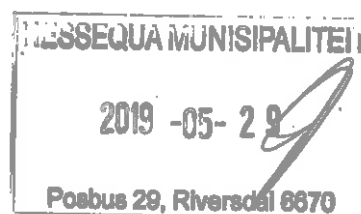
ANNEXURE C

HESSEQUA MUNICIPALITY

Long Term Financial Plan – *Update 2017*



Prepared by
INCA Portfolio Managers
October 2017



REPORT OVERVIEW – INTRODUCTION AND BACKGROUND

The Hessequa Municipality appointed INCA Portfolio Managers in 2013 to prepare a Long Term Financial Plan. The outcome was a report entitled Hessequa Local Municipality Long Term Financial Plan: 2014 – 2023; October 2013 (referred to as the 2013 Estimate). The report was updated in November 2014, February 2016 and November 2016 (referred to as the 2014, 2015 and 2016 Estimates respectively) with the then latest available information. This October 2017 Update (2017 Estimate) aims to review the conclusions reached previously based on the latest available information and report on the findings.

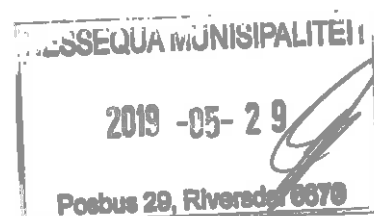
The objective of a Long Term Financial Plan is to recommend strategies and policies that will maximise the probability of the municipality's financial sustainability into the future. This is achieved by predicting future cash flows and affordable capital expenditure based on the municipality's historic performance and the environment in which it operates.

A summary of the demographic-, economic- and household infrastructure perspective was updated with the latest available information as published by IHS Global Insight. The historic financial analysis was updated with the information captured in the municipality's unaudited financial statements of 30 June 2017. IPM's Long Term Financial Model (latest and updated version 12.0) was populated and run with this latest information, and the outcome thereof is reported herein. In particular the model was calibrated against the municipality's MTREF for the 3 years from 2017/18 to 2019/20.

Unlike the original assignment, no renewed analysis of the Asset Register, review of municipal documents (viz. IDP, Master Plans, etc.) and conversations with management were undertaken. The conclusions reached in this report are complimentary to the recommendations made previously.

The contents of this report entail the following:

1	Planning Process
2	Updated Perspectives (Demographic, Economic, Household Infrastructure)
3	Updated Historic Financial Assessment
4	Future Revenues
5	Affordable Future Capital Investment
6	Scenario Analysis
7	Ratio Analysis
8	Conclusions



KEY FINDINGS AND CONCLUSIONS DRAWN FROM THE 2017 LTFF UPDATE

- Hessequa's average annual household income of R255 844 p.a. (R21 320 p.m.) is not only substantially higher than the National average of R148 849 p.a. (R12 404 p.m.), but is currently the highest of the seven municipalities within the Eden District. Only 6,2% of households earn an income below the equitable share level of R30 000 p.a.
- In 2012 Hessequa had the 3rd highest per capita income in the Eden District Municipality (R81 445 p.a.) after Mossel Bay (R83 230 p.a.) and Knysna (R71 289 p.a.). In the following four years up to 2018, the average per capita income for Hessequa has increased by 31% reaching R80 490 p.a., followed by Mossel Bay that decreased by 10,8% to R74 232 p.a. and George that increased by 29,0% to R71 801.
- Hessequa's population age profile reflects a matured society with a substantial number of older people (above 65 years).
- The economy is well diversified with community Services (21%), Trade (18%) and Finance (17%) being the main contributing sub sectors to the economy. The tourism spend per annum reflects a positive increasing trend over the last five years and reached an estimated R368 million (12,4% of GVA) in 2018. The official unemployment rate, of 15,4%, is low in the South African context.
- Turning to the 10 year LTFF the following is observed:
 - Since the preparation of the LTFF in 2013, the capital investment programme has accelerated significantly.
 - The fairly aggressive capex and borrowing programme anticipated during the 3 year MTREF period is feasible, but will stretch the Municipality's gearing and debt service coverage ability.
 - The Municipality's financial performance is not under threat in the foreseeable future, notwithstanding a deterioration of net financial liabilities ratio at the back end of the 10 year period.
 - A lower level of borrowings after 2019/2020 is called for.
 - Hessequa needs to maintain its high collection rate and should put all efforts into safeguarding the current collection performance.
 - The amount spent on R&M needs to be increased and the funding of a CRR (Capital Replacement Reserve), which is cash backed, is recommended.
 - To ensure continued financial sustainability requires continued hands-on, strict and disciplined financial management in future.
 - The calculated 10 year Capex demand of R958 million is within the 10 year Capex affordability level, but this is based on a LTFF drafted in 2013. It is recommended that a total review of the LTFF be undertaken in the next budget cycle to capture movements and developments of the past four years.



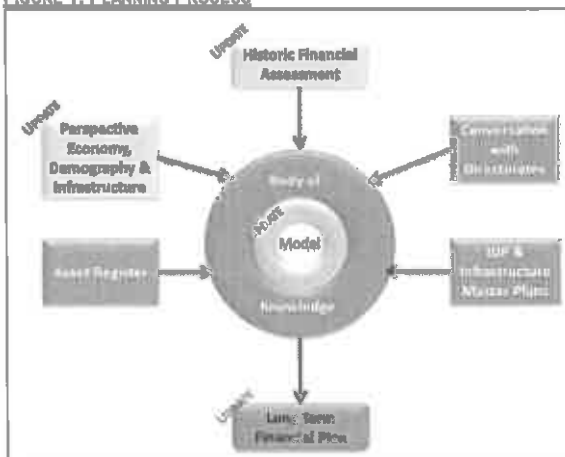
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PROCESS

The diagram below illustrates the steps in the process that were followed in 2014 and the steps updated in 2015, 2016 and 2017:

FIGURE 1: PLANNING PROCESS



¹ Part of National Treasury's Cities Support Programme and with technical assistance from the World Bank Group.

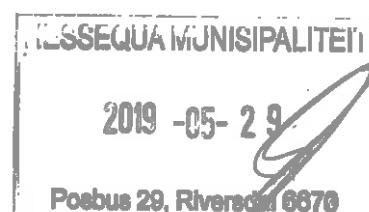
During the course of the past year IPM developed a new long term financial model¹, which was populated with the latest information of Hessequa and used to make a base case financial prediction of the future. The diagram below illustrates the outline of the model:

The model was adapted for the purpose of this update in that no large infrastructure projects were assessed. The capital budget as presented in the MTREF was included however and predictions of affordable future capex were made.

FIGURE 2: FINANCIAL MODEL FRAMEWORK



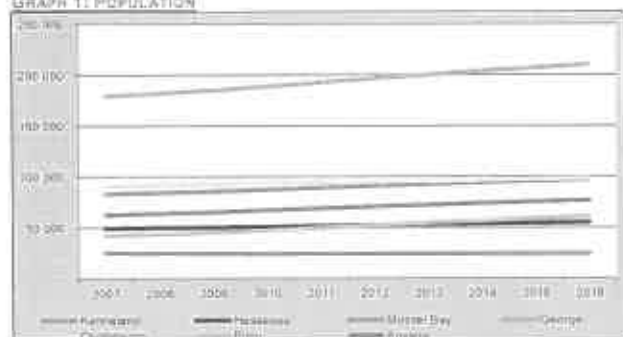
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DEMOGRAPHY

The current **Population** of Hessequa is 55 049 (2016). Hessequa currently has the third lowest population growth rate (1.3%) of the seven municipalities in the District and is also lower than the Western Cape (1.6%) and National growth rates (1.5%).

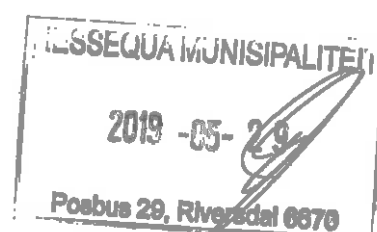
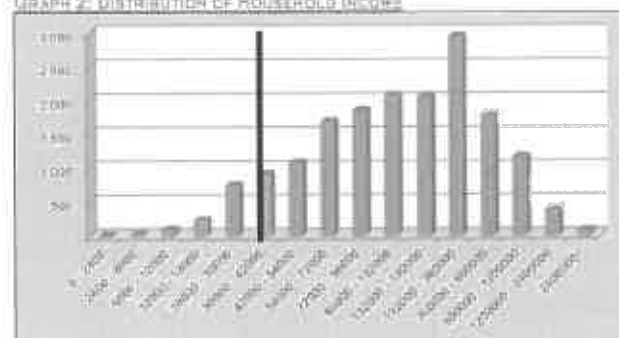
GRAPH 1: POPULATION



The **Household income** distribution illustrates that the proportion of households earning less than R 30 000 p.a. constitute only approx. 6.2%. The household income distribution of Hessequa reflect a society of which 62.8% of all households earn an income of less than R 192 000 p.a. (R 16 000 p.m.). The extent to which these households can be levied in future needs to be specifically considered. The highest concentration of households (17.3%) fall within the annual economic income bracket of between R 192 000 and R 360 000 p.a. The average annual households income for Hessequa is R 255 844 p.a. which is the highest of all seven municipalities in Eden District and substantially higher of than the national average of R148 849 p.a.

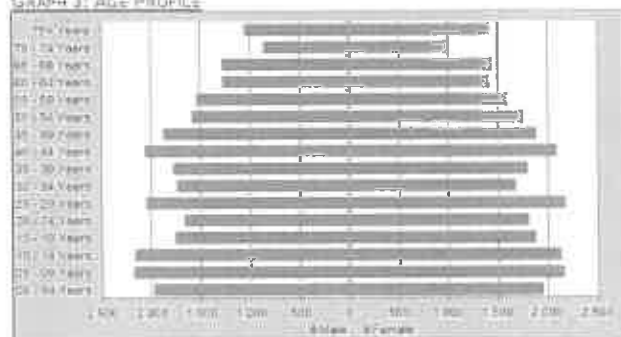
The average per capita income of Hessequa in comparison with the other municipalities in the district is as follows: Hessequa: R 80 480; Mossel Bay: R 74 232; George: R 71 801; Knysna: R 67 890; Bithou: R 67 144; Kannaland: R 55 087 and Oudshoorn: R 60 879.

GRAPH 2: DISTRIBUTION OF HOUSEHOLD INCOME



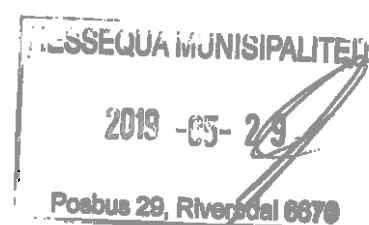
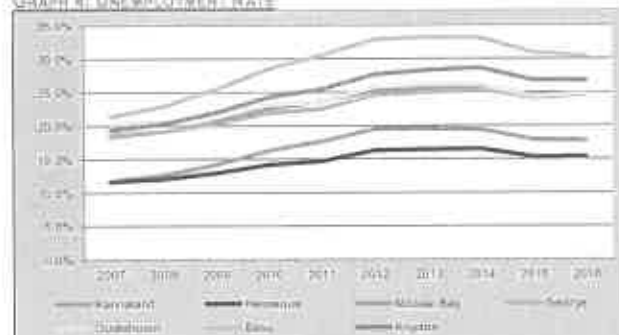
Unlike the classical pyramid, the *Age Profile* illustrates proportionally less people in the age group younger than 40 years, indicative of a matured population. Hesseque's senior citizen of 75+ also represents a notable size of the population. The matured population profile reflected by Hesseque need to be considered when the revenue base of the municipality is assessed and specifically the extent to which in future an above inflation rate increase in rates and taxes can be absorbed by the community.

GRAPH 3: AGE PROFILE



The 15.4% *Unemployment Rate* for 2016 is substantially lower than that of the other municipalities in the District, and lower than the Western Cape unemployment rate of 21.5% and lower than the National official rate of 26.3%.

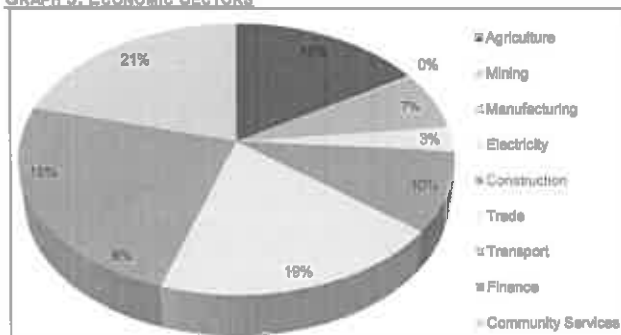
GRAPH 4: UNEMPLOYMENT RATE



ECONOMY

Community services remains the dominant *Economic Sector* with 21% of the output in 2016, followed by Trade (19%), Finance (17%) and Agriculture (16%). The Hessequa economy is fairly diversified, which should provide economic stability. The services sector not only contributes significantly to the economy, but is also the main provider of employment.

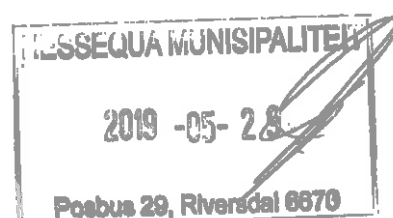
GRAPH 5: ECONOMIC SECTORS



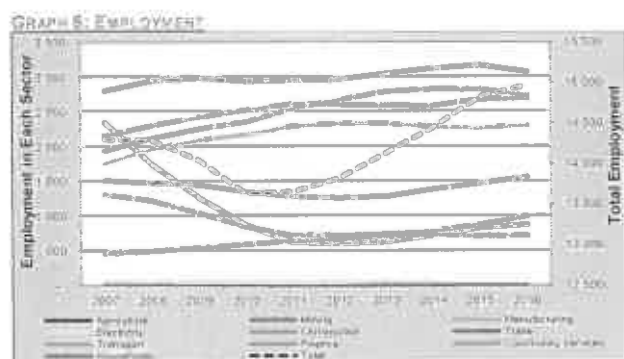
Proportional growth was experienced in the Finance, Construction and Community services Sectors, with all other sectors experiencing stagnant or declining growth rates from 2007 to 2016.

TABLE 1: PROPORTIONAL GROWTH OF ECONOMIC SECTORS

Sector	2007	2016
1 Agriculture	16.3%	16.2%
2 Mining	0.3%	0.3%
3 Manufacturing	8.1%	8.8%
4 Electricity	3.4%	2.9%
5 Construction	8.7%	9.5%
6 Trade	19.3%	19.3%
7 Transport	7.7%	7.7%
8 Finance	15.7%	16.5%
9 Community services	20.4%	20.8%

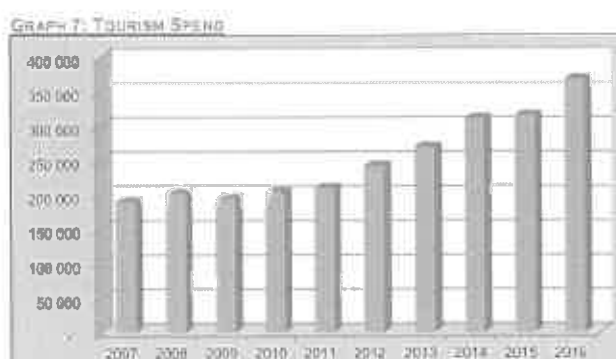


The Trade sector is the largest Employer with 20.5% of Total *Employment*; with Finance, Community services and Manufacturing contributing 18.3%, 18.0% and 15.4% respectively. Total employment reflects a significant improvement since 2011. At the end of 2016 the officially registered workers came to 14 963 people or 27,1% of the population.



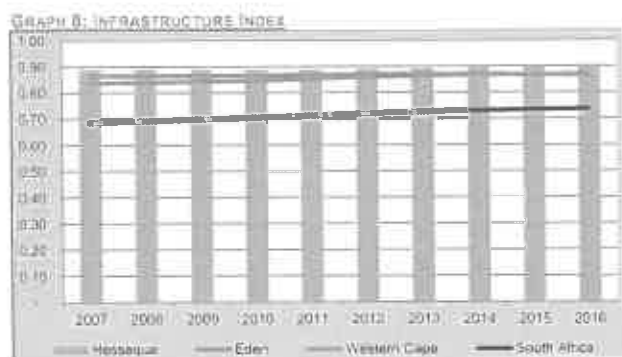
Tourism Spend in 2016 amounted to R 388.10 million in which equates to 12.4% of GVA.

GRAPH 7 reflecting the increasing trend of Tourism Spend over the past ten years. Tourism remains an important economic driver for the local economy.

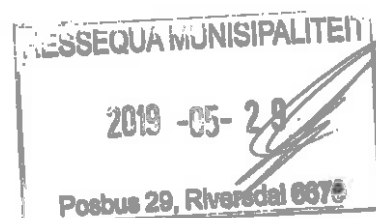
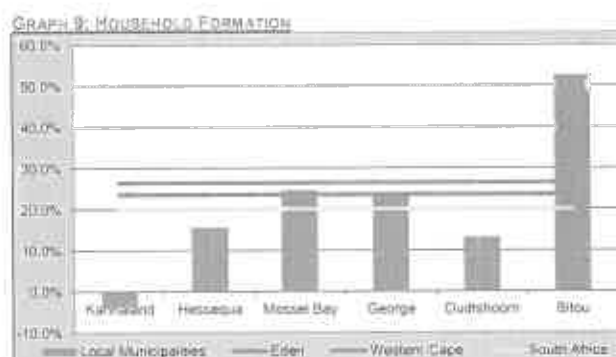


HOUSEHOLD INFRASTRUCTURE

The *Infrastructure Index* of 0.90 compared favourable to that of the Province (0.87) and the District (0.87). Given the high level of household infrastructure service provision and the low level of Household Formation during the past 10 years, the expected socio economic service delivery pressure on Hessequa should be relatively low.



Growth in *Household Formation* between 2007 and 2018 was 16%, the third lowest of all seven municipalities in the district. In absolute numbers, the growth of households in Hessequa was 2 338, which was the third lowest during the period.



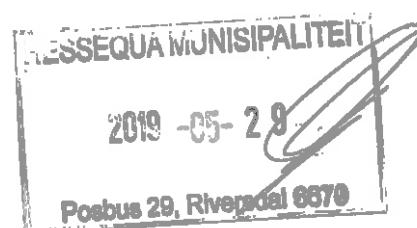
By comparing backlogs of *sanitation, water, electricity and refuse removal* in urban as well as non-urban areas, Hessequa Municipality performed very good if compared with the average service delivery in the Eden District. The high percentage reflected for non-refuse removal are due to some of the non-urban areas where the municipality is not expected to attend to refuse removal.

TABLE 2: HOUSEHOLD INFRASTRUCTURE PROVISION

Infrastructure	Eden DM	%	Hessequa	%
Above RDP Level				
Sanitation	172 299	92.5%	16 808	97.0%
Water	172 763	93.3%	15 958	92.1%
Electricity	170 663	95.0%	16 951	97.9%
Refuse Removal	169 220	91.4%	13 955	80.6%
Below RDP Level or None				
Sanitation	13 939	7.6%	511	3.0%
Water	12 485	6.7%	1 360	7.9%
Electricity	9 174	5.0%	388	2.1%
Refuse Removal	16 015	8.6%	3 363	19.4%
Total No. of Households	185 238	100.0%	17 319	100.0%



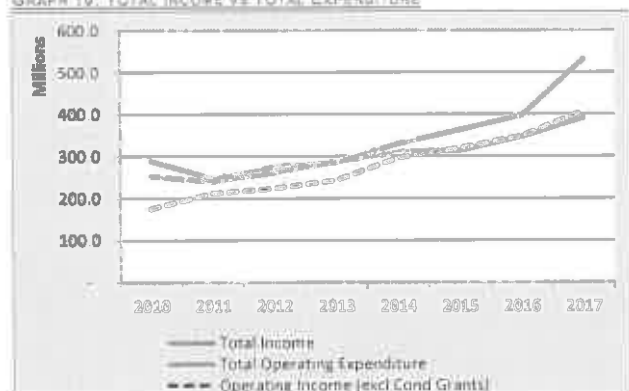
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FINANCIAL PERFORMANCE

Hessequa LM realised an accounting surplus of R 138.8 million in 2017, compared to R 50.0 million in the previous year (an increase of R 88.8 million or 177.6%). This accounting surplus was mainly driven by a significant increase in total income of R 133.79 million (33.7%), against a lower increase in total operating expenditure of R 45.0 (13.0%). Although the increase in expenditure is lower than the increase in income, the fact that it is still much higher than inflation should be noted.

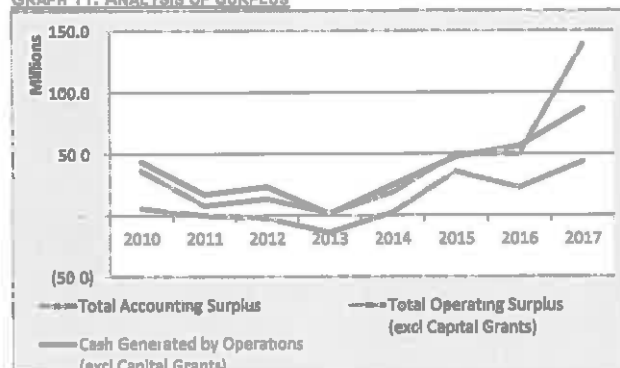
GRAPH 10: TOTAL INCOME VS TOTAL EXPENDITURE



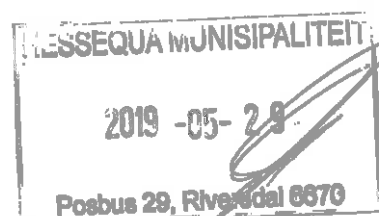
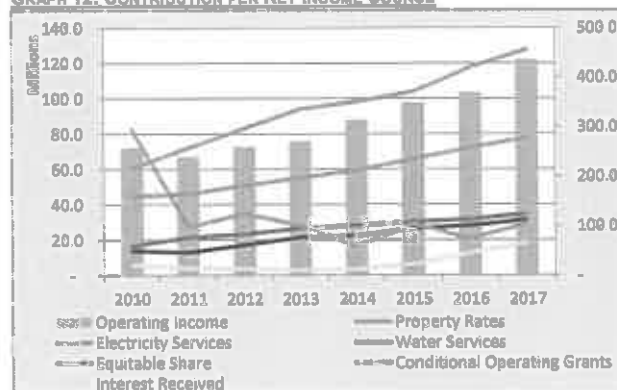
The municipality also realised an operating surplus (excluding the Capital Grants of R 95.0 million) to the value of R 43.8 million during FY2017, R 21.2 million or 93.8% higher than the R 22.6 million realised in 2016.

The increase in operating income of R 66.3 million (17.9%) was mainly driven by increases in fines (R 22.4 million or 51%), electricity services (R 10.2 million or 9%), conditional operating grants (R 8.0 million or 38.3%), property rates (R 5.5 million or 7.8%) and interest received (R 5.5 million or 43.7%).

GRAPH 11: ANALYSIS OF SURPLUS



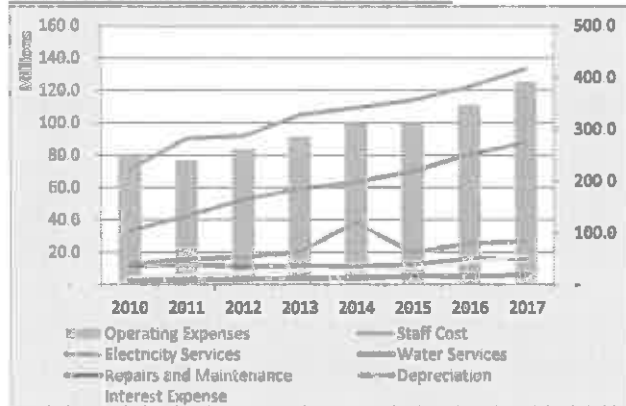
GRAPH 12: CONTRIBUTION PER KEY INCOME SOURCE



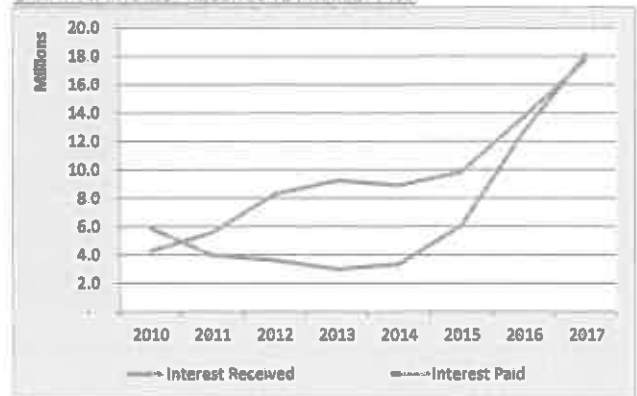
The increase in operating expenditure of R 45.0 million (13.0%) was mainly driven by increases in other contracted services (R 14.8 million or 510.3%), staff cost (R 11.0 million or 8.0%), bad debts (R 9.2 million or 24.0%) and bulk purchases of electricity (R 7.4 million or 9.2%).

The repairs and maintenance expense remained relatively low at R 16.27 million or 2% of the carrying value of PPE and investment property.

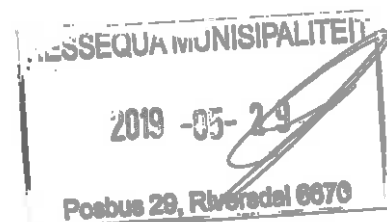
GRAPH 13: CONTRIBUTION PER KEY EXPENDITURE ITEM



GRAPH 14: INTEREST RECEIVED VS INTEREST PAID



Positively, interest received exceeds interest paid for FY2017, as a result of the positive cash and short term investment balances being built up since 2014.

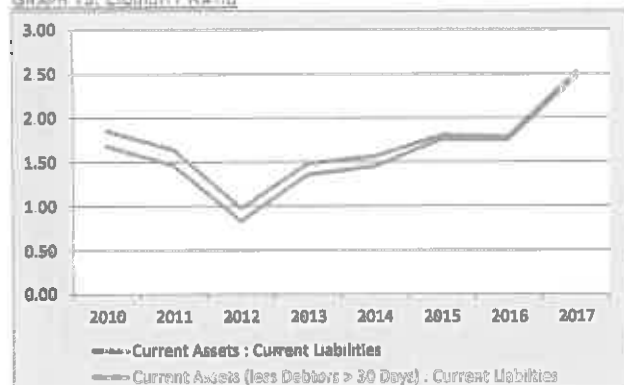


FINANCIAL POSITION

As at 30 June 2017, Hessequa LM reflected total assets of R 1.1 billion (compared to R 944.2 million in 2016) and total liabilities of R 343.8 million (compared to R 363.9 million in 2016). From this it is evident that the municipality improved its financial position as at FYE2017 and it can be regarded as relatively strong and stable.

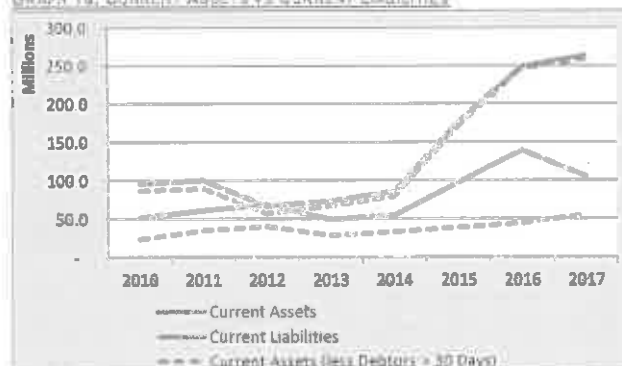
More importantly, Hessequa managed to improve its liquidity position during FY2017 from a liquidity ratio of 1.79 in 2016 to 2.52 in 2017. This was achieved by an increase in current assets of R 15.0 million (8.0%) together with a decrease in current liabilities of R 34.5 million (24.7%).

GRAPH 15: LIQUIDITY RATIO

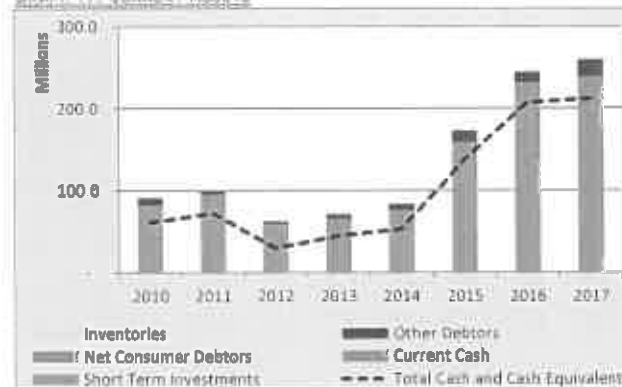


Other debtors increased by R 7.9 million (66.4%), which was the main driver behind the increase in current assets, followed by an increase in cash and cash equivalents of R 5.0 million (2.4%). Current liabilities decreased primarily due to a sharp decrease in unspent conditional grants to the value of R 48.7 million (69.6%).

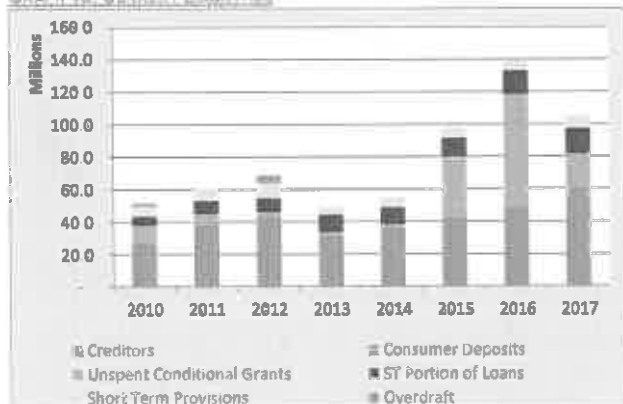
GRAPH 16: CURRENT ASSETS VS CURRENT LIABILITIES



GRAPH 17: CURRENT ASSETS



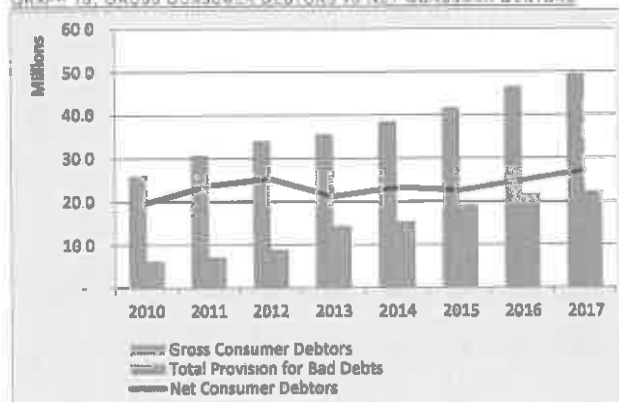
GRAPH 18: CURRENT LIABILITIES



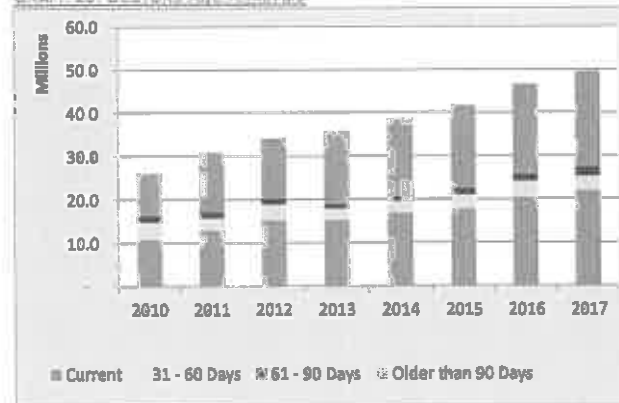
The gross consumer debtors of Hessequa grew by 6.1% (R 2.9 million). The provision for doubtful debts of R 22.3 million (an increase of R 0.6 million or 2.6%) is sufficient to cover all consumer debtors older than 90 days (R 22.2 million). The age analysis of consumer debtors reveals no significant movements or inconsistencies. It is, however, important that the municipality maintain its healthy collection rate of 97% to support the cash generation ability of the municipality in future.

Notwithstanding the R 20 million borrowed during the year, the municipality maintained a healthy lower level of gearing of 29% (compared to 33% in the previous year). In 2017 the municipality spent R 32.3 million to service its debt (capital and interest).

GRAPH 19: GROSS CONSUMER DEBTORS VS NET CONSUMER DEBTORS



GRAPH 20: DEBTORS AGE ANALYSIS



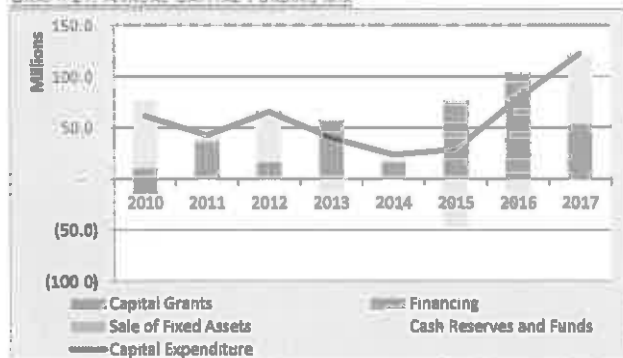
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CASH FLOW

The profitability of Hessequa LM, in conjunction with the high collection rate, resulted in cash generated from operations of R 86.8 million (an increase of R 30.5 million or 54.2%).

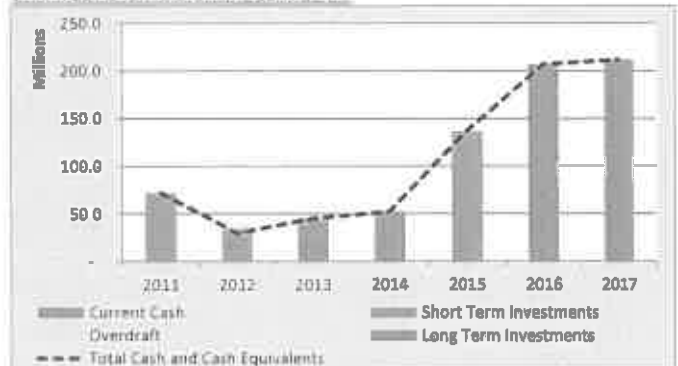
R 88.0 million of the cash generated from operations was utilised as part of a balanced funding mix, to increase the capital expenditure program of the municipality from a level of R 78.7 million in 2016 to R 122.2 million in 2017. The other sources of funding were capital grants of R 32.9 million (26.9%), financing of R 20 million (16.4%) and sale of fixed assets, which contributed R 1.3 million (1.0%).

GRAPH 21: ANNUAL CAPITAL FUNDING MIX

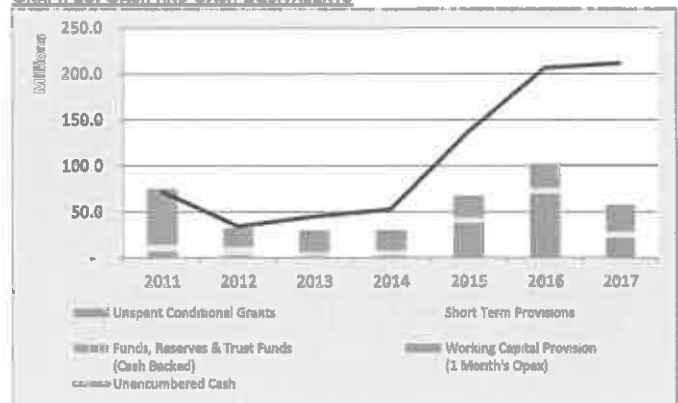


Notwithstanding the amount of cash from own resources utilised for Capex, the municipality was able to increase its cash and cash equivalents balance at FYE2017 by R 5.0 million (2.4%) compared to FYE2016. This increase in cash, in addition to the significant decrease in unspent conditional grants, resulted in surplus cash over the minimum liquidity requirements of R 154.3 million and a cash coverage ratio of 3.88. Notwithstanding this positive surplus cash balance, the municipality has no cash-backed capital asset replacement reserve.

GRAPH 22: CASH AND CASH EQUIVALENTS



GRAPH 23: CASH AND CASH EQUIVALENTS



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MUNICIPAL REVENUE RISK INDICATOR (MRRI) = “MEDIUM”

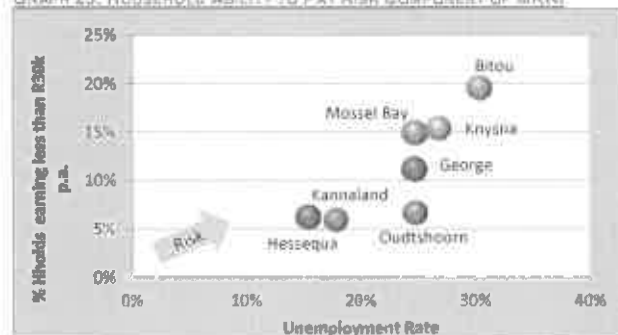
The latest IHS Global insight update of the Hessequa economy reveals that the average economic growth rate during the past 5 years of 1.6% p.a. was comparable to that of the national economic growth rate. Within the district some municipalities recorded higher growth rates (notably Mossel Bay 4.5% and Bitou 2.1%) but others grew at a slower rate (e.g. Kannaland 1.4%, Oudtshoorn 1.2%, George 1.2% and Knysna 1%). Hessequa, together with Mossel Bay is one of the most diversified economies in the district, with a Tress Index of 38. This produced an *Economic Risk* component of the MRRI for Hessequa of “Medium”.

GRAPH 24: ECONOMIC RISK COMPONENT OF MRRI



Whereas the unemployment rate of Hessequa (15.4%) is the lowest in the district, and together with the relatively low number of Households reliant on Indigent support record a *Household Ability to Pay Risk* component of the MRRI of “Low to Medium”, and the overall MRRI of “Medium”.

GRAPH 25: HOUSEHOLD ABILITY TO PAY RISK COMPONENT OF MRRI



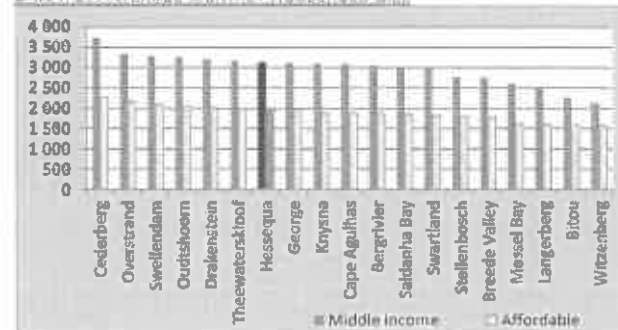
In 2017 the increasing trend of *Real Municipal Revenue per Capita* against a decline in *Real GVA per Capita* that was evidenced since 2014 continued. The per capita revenue in 2017 is the highest that it was for the period since 2009. It is unlikely that real revenues per capita can increase significantly in future without a structural change in the economy.

GRAPH 26: REAL REVENUES PER CAPITA VS REAL GVA PER CAPITA



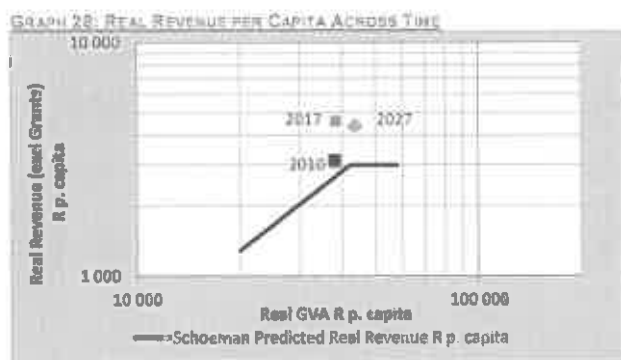
A comparison of the *Average Household Bill* for the Middle Income- and Affordable Range of a selected number of municipalities in the WC (extracted from Budget Table SA14), based on the 2017/18 tariffs reveals that Hessequa features in the quartile second from the top of these municipalities.

GRAPH 27: AVERAGE MONTHLY HOUSEHOLD BILL



MUNICIPAL REVENUES

In 2017 the *Real Revenue per Capita* of R 4 591 p.a. exceeded the expected amount for the *Real GVA per Capita* as researched by Schoeman². In real terms the projected revenue per capita of R 4 388 in 2027 is predicted to be less than the revenue per capita in 2017. This provides comfort - in the light of the proportional growth of indigent households - that the prediction by the model is realistic.

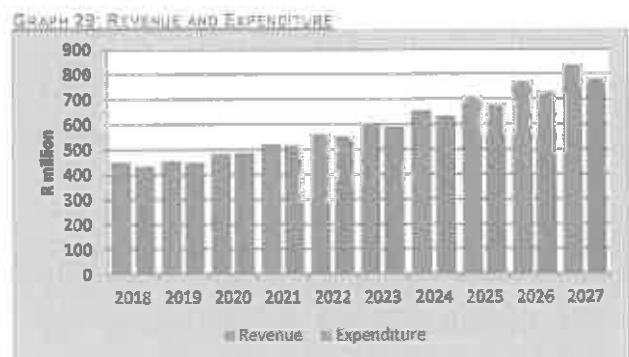


Future Nominal Revenue is growing at an average rate of 7.2% p.a. This is a combination of (I) tariff increases (II) increased sales and (III) additional revenue sources. The lower than expected growth rate is due to lower grant receipts if compared to the amount of capital grants received in 2017. However, revenue is expected to exceed expenditure for the duration of the planning period.

Several factors contribute to a decline in the growth rate of revenues, viz.:

- (I) A growing proportion of indigents in the population

- (II) Large numbers of people in retirement living off a fixed income
- (III) A negative price elasticity of demand, especially for electricity

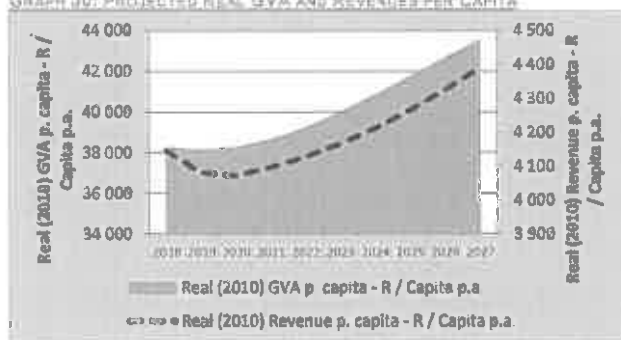


Both the *Real GVA per Capita* and the *Real Revenue per Capita* are expected to improve after an initial decline up 2020.

² *Fiscal Performance of Local Government in South Africa - an Empirical Analysis*; Niek Schoeman; UP 22 July 2011; https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IIPF67&paper_id=40

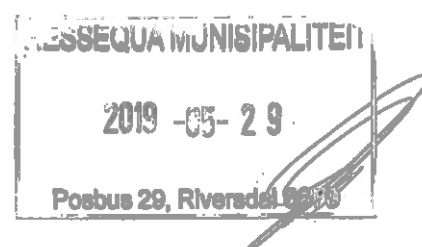


GRAPH 00: PROJECTED REAL GVA AND REVENUES PER CAPITA





1	Planning Process
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CAPEX AFFORDABILITY AND FUNDING

The total Capex Demand was determined during the preparation of the LTFFP in 2013, but is expected to have changed since then. However, for purposes of this report the affordability is of more concern and not so much the demand.

Total 10-year Capex Demand	=	R 958 million
Total 10-year Capex Affordability:	=	R 1 042 million

For the first time the Capex Affordability exceeds the Capex Demand. It needs to be stressed however that the capex demand estimates are now at least 4 years old and need to be revisited.

MTREF CAPITAL FUNDING MIX

Hessequa's MTREF budget 2017/18 to 2019/20 expects a capital budget amounting to R 243.8 million and funded as follows:

TABLE 3: 3-YEAR MTREF FUNDING MIX

R'000	Total	2017/18	2018/19	2019/20
Loans	164 472	52 277	53 889	58 306
Cash	30 170	10 180	11 247	8 743
Grants	49 165	15 917	15 853	17 395
Contributions	2 500	0	2 500	0
Total	243 867	78 374	83 489	84 444

IPM's model accommodated the intended borrowing of R 164 m, Internally Generated Funding of R 30 m and Capital Grants of R 49 m for the MTREF period of 3 years to 2019/20, and allowed the model to calculate the future funding mix.

The capex budget of the municipality is financially feasible. This is due to an aggressive borrowing strategy that will safeguard the municipality's liquidity, but stretches its gearing. Due to the healthy liquidity position, the budgeted capex can be implemented. Cash available is sufficient to cover the minimum

recommended liquidity level to cater for unspent conditional grants, short term provisions, and working capital. These findings are illustrated in the graphs below.

However, in an attempt to avoid extending the gearing levels further beyond the MTREF period of 2018/20, the liquidity levels will decline before picking up again at the back end of the planning period.

10-YEAR CAPITAL FUNDING MIX

The 10-year capital funding mix is presented in the table below:

TABLE 4: CAPITAL FUNDING MIX

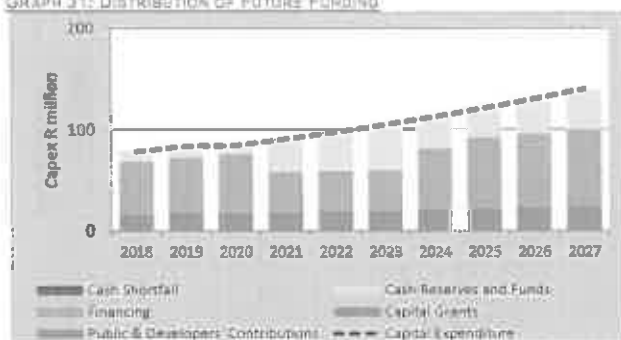
Source	R/m	%
Public & Developers' Contributions	3	0%
Capital Grants	193	15%
Financing	563	54%
Cash Reserves and Funds	280	27%
Capital Expenditure	1 042	100%

Due to the prevailing national fiscal constraint, reliance on grant funding in future is probably doubtful and the amount of capital transfers in this latest estimate, when compared to previous estimates, has declined. The capital funding mix reflects the MTREF budget for the first 3 years. A gradual increase of capital expenditure during the 10 years is possible at an average annual growth rate of 7%. However borrowings should be reduced during the period 2021 to 2023 to bring the gearing levels back to acceptable levels, assumed to be 40% for Hessequa.

The distribution of the funding mix is illustrated below:

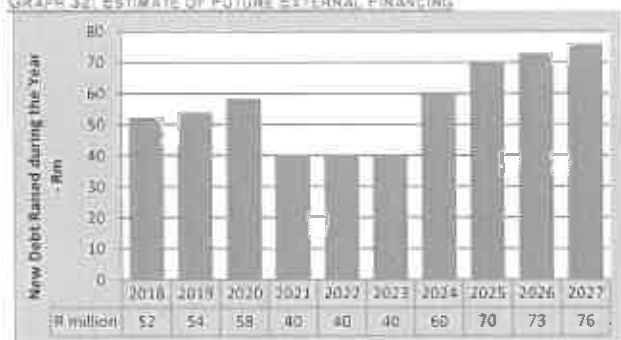


GRAPH 31: DISTRIBUTION OF FUTURE FUNDING



The amount of annual external financing is estimated to be distributed as follows:

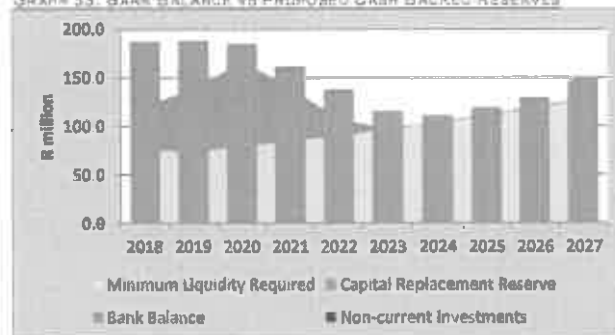
GRAPH 32: ESTIMATE OF FUTURE EXTERNAL FINANCING



LIQUIDITY AND CAPITAL REPLACEMENT RESERVE

For purposes of this report the minimum required liquidity level caters for unspent conditional grants, reserves, short term provisions, and 2 month working capital. The municipality's liquidity will decline in future but should remain above the minimum required liquidity for the duration of the planning period. The Liquidity Ratio is consistently above 1:2 for most of the 10-year planning period.

GRAPH 33: BANK BALANCE VS PROPOSED CASH BACKED RESERVES

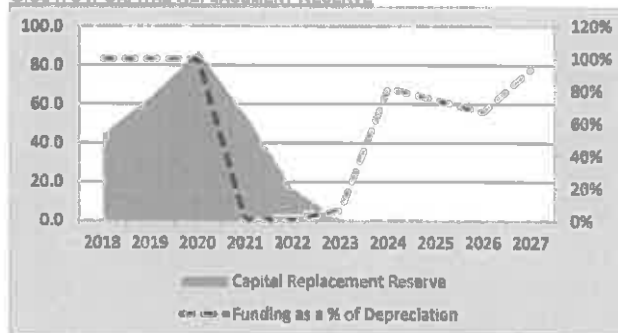


Cash and cash equivalents are expected to cover the minimum liquidity reserve as well as a CRR for short periods as illustrated GRAPH 33 above.



The demand on internally generated funds for capital expenditure will prevent a CRR to be fully funded for the duration of the planning period. A percentage of the depreciation charge can be reserved for short periods of time, until the demand will deplete the reserve again by 2023. From an asset management perspective it would be prudent to budget for such a cash backed CRR in the medium term.

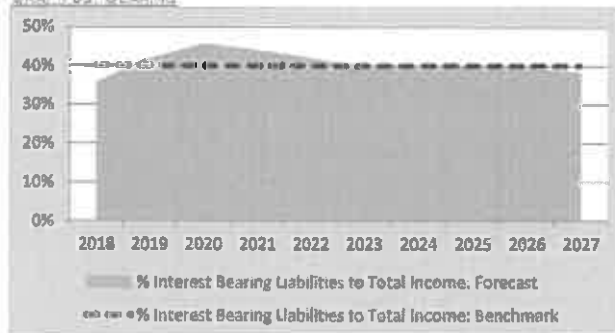
GRAPH 34: CAPITAL REPLACEMENT RESERVE



GEARING

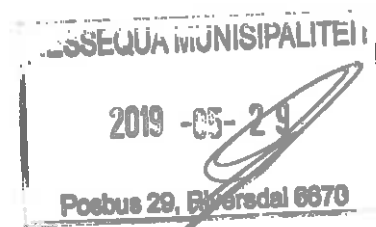
The ratio of Long Term Interest Bearing Liabilities to Income is illustrated in the graph below. A level of gearing of 40% is regarded appropriate for Hessequa. During the MTREF period Gearing increases to above this threshold and only declines to below that level in 2023. The Debt Service Cover Ratio (Cash Generated by Operations / Debt Service) which should at least be 1:1 and preferably 2:1 reaches a minimum of 0.03:1 in 2018 but improves thereafter.

GRAPH 35: GEARING





1	Planning Process
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SCENARIOS

Realistic Upside and Downside Scenarios were compared to the Base Case Scenario.

TABLE 4: VARIABLES ASSUMED IN A SCENARIO ANALYSIS

VARIABLE	BASE CASE	UPSIDE	DOWNSIDE
		% of Base Case	
Population Growth Rate	100%	98%	102%
GVA Growth Rate	100%	110%	90%
Employee related cost escalation (Margin above Inflation rate)	100%	90%	110%
Bulk electricity cost escalation (Margin above Inflation rate)	100%	95%	120%
Bulk water cost escalation (Margin above Inflation rate)	100%	90%	120%
Collection Rate of customer billings	100%	110%	85%

For the 10-year period, the Accumulated Surplus will be positive for the Upside but negative for the Downside. Cash generated by Operations ranges between -R 278 m and R 759 m. The cash position after 10 years of R150 million in the Base Case and R186 million for the Upside are both above the minimum required liquidity but in the case of the Downside, the municipality will be more than R 600 million in overdraft.

Whereas the 10-year capital investment for the Base Case is R 1 042million, this may increase by almost R 1 200 million in the Upside.

The great variation of outcome for a realistic combination of input variables, demonstrates the need to manage the municipality's finances with care and discipline.

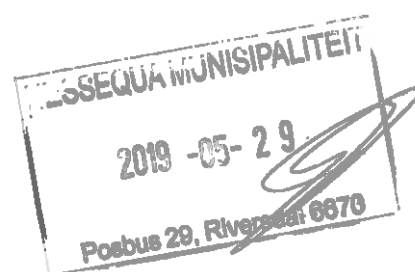
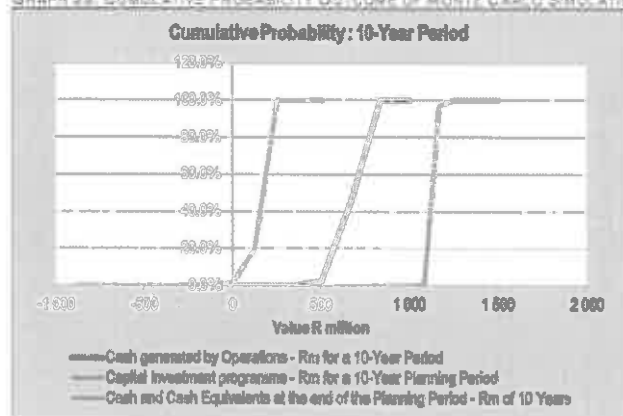
TABLE 5: OUTCOME OF SCENARIO ANALYSIS

OUTCOME	BASE CASE	UPSIDE	DOWNSIDE
Average annual % Increase in Revenue	7.2%	7.2%	7.1%
Average annual % Increase in Expenditure	6.8%	6.7%	7.5%
Accounting Surplus accumulated during Planning Period (Rm)	R 203	R 355	-R 628
Operating Surplus accumulated during Planning Period (Rm)	R 4	R 167	-R 826
Cash generated by Operations during Planning Period (Rm)	R 569	R 759	-R 278
Average annual increase in Gross Consumer Debtors	6.6%	-13.3%	19.8%
Capital investment programme during Planning Period (Rm)	R 1 042	R 1 191	R 887
External Loan Financing during Planning Period (Rm)	R 563	R 570	R 438
Cash and Cash Equivalents at the end of the Planning Period (Rm)	R 150	R 186	-R 631



The probability outcome of a Monte Carlo Simulation for the Cash generated by Operations indicates that it should remain positive for the duration of the 10-Year period. However, there is small probability that the cash position after 10 years may be negative. This event could happen in the case of unbridled capital expenditure in the absence of the availability of sources of funding for such expenditure. Capital expenditure features in a very narrow range largely due to the fact that some sources of funding (viz. capital grants) are not dependent on the variables that were included in the simulation.

GRAPH 36: CUMULATIVE PROBABILITY OUTCOME OF MONTE CARLO SIMULATION





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PREDICTED RATIOS

The Base Case predicted ratios are presented below. Although the model is not programmed to measure the ratios as required by National Treasury in all instances, it does provide comfort that the municipality is sustainable in future - on condition that it operates within the assumed benchmarks set in the financial plan.

TABLE 7: OUTCOME OF FUTURE RATIO ANALYSIS

Table 7: OUTCOME OF FUTURE RATIO ANALYSIS										
FINANCIAL POSITION			N.T. NORM	2018	2020	2022	2024	2026	2027	COMMENTS
ASSET MANAGEMENT										
R29	Capital Expenditure / Total Expenditure	10% - 20%	15.3%	14.8%	15.0%	15.1%	15.1%	15.1%	15.2%	Capex as a % of Total Expenditure is well within the expected range
DEBTORS MANAGEMENT										
R4	Gross Consumer Debtors Growth		4.2%	5.2%	6.3%	7.1%	7.8%	8.1%	The collection rate is healthy, but gross consumer debtors' growth, although still healthy, is expected to worsen in future	
R5	Payment Ratio / Collection Rate	95%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%		
LIQUIDITY MANAGEMENT										
R49	Cash Coverage Ratio (excl Working Capital)		11.8 : 1	14.1 : 1	9.8 : 1	7 : 1	7.4 : 1	11.8 : 1	Liquidity is healthy as measured by the available cash coverage as well as the Liquidity Ratio. The trend does however worsen and care should be taken to manage liquidity carefully in future.	
R50	Cash Coverage Ratio (incl Working Capital)		2.4 : 1	2.3 : 1	1.5 : 1	1.1 : 1	1.1 : 1	2.4 : 1		
R91	Cash Surplus / Shortfall on Minimum Liquidity Requirements		R 111.1 m	R 104.4 m	R 46.0 m	R 6.1 m	R 9.1 m	R 111.1 m		
R1	Liquidity Ratio (Current Assets : Current Liabilities)	1:1.5 - 1:2.1	1 : 4.31	1 : 3.84	1 : 2.87	1 : 2.17	1 : 1.99	1 : 4.31		
LIABILITY MANAGEMENT										
R45	Debt Service as % of Total Operating Expenditure	6% - 8%	8.8%	11.4%	11.3%	11.5%	12.7%	12.6%	The municipality's budgeted borrowings during the MTREF period up to 2019/20 are high. The Gearing benchmark will be exceeded at times and the Debt Service Cover Ratio only improves after the MTREF period.	
R6	Total Debt (Borrowings) / Operating Revenue	45%	37.1%	47.2%	43.4%	40.8%	40.4%	39.4%		
R7	Repayment Capacity Ratio		-8.95	8.96	6.18	4.60	3.63	3.16		
R46	Debt Service Cover Ratio (Cash Generated by Operations / Debt Service)		0 : 1	0.9 : 1	1.1 : 1	1.2 : 1	1.3 : 1	1.4 : 1		
SUSTAINABILITY										
	Net Financial Liabilities Ratio	< 60%	21.7%	41.7%	55.7%	63.7%	66.6%	64.3%	Net Financial Liabilities and Operating Surplus Ratios are at times outside the proposed benchmarks. Asset Sustainability	
	Operating Surplus Ratio	0% - 10%	0.0%	-3.9%	-2.0%	0.2%	2.7%	4.2%		
	Asset Sustainability Ratio	> 90%	149.0%	141.3%	148.1%	156.2%	162.9%	166.1%		

Prepared by INCA Portfolio Managers 32 | Page



									is not calculated but entered as an assumption in the model. The municipality must ensure that a greater proportion of capex is spent on asset replacement.
FINANCIAL PERFORMANCE									
EFFICIENCY									
R42	Net Operating Surplus / Total Operating Revenue	>= 0%	3.7%	-0.2%	1.5%	3.4%	5.7%	7.1%	The Net Operating Surpluses generated are not excessive (and even negative in 2020) but are necessary to cross subsidise services. In an attempt to afford the recent investment in electricity infrastructure, the municipality must ensure that tariffs are set at levels that would maintain the surpluses.
R43	Electricity Surplus / Total Electricity Revenue	0% - 15%	31.8%	31.0%	32.6%	34.4%	36.2%	37.1%	
REVENUE PERFORMANCE									
R8	Increase in Billed Income p.a. (R'm)		R 16.2 m	R 22.8 m	R 31.3 m	R 37.7 m	R 46.0 m	R 50.5 m	Revenue growth is above the assumed inflation rate due to an increase in quantities of services sold as well as increase in tariffs. The national fiscal constraints will necessitate that the municipality strengthens its ability to generate cash from own revenue.
R9	% Increase in Billed Income p.a.	CPI	5.9%	7.4%	8.7%	8.9%	9.1%	9.2%	
R12	Operating Revenue Growth %	CPI	-0.5%	6.6%	7.9%	8.2%	8.8%	8.8%	
R47	Cash Generated by Operations / Own Revenue		0.3%	12.6%	14.2%	16.0%	18.7%	20.1%	
R48	Cash Generated by Operations / Total Operating Revenue		0.3%	11.1%	12.4%	14.0%	16.2%	17.4%	
EXPENDITURE MANAGEMENT									
R30	Contribution per Expenditure Item: Staff Cost (Salaries, Wages and Allowances)	25% - 40%	31.0%	32.3%	32.6%	32.7%	32.6%	32.6%	Employee related costs are within the benchmark, even if assessed together with Contracted Services.
	Contribution per Expenditure Item: Contracted Services	2% - 5%	5.1%	5.3%	5.7%	5.7%	5.7%	5.7%	
LOCAL FISCALITY									
R10	Total Grants / Total Revenue		19.4%	15.3%	15.6%	15.8%	15.8%	15.6%	The tightening of the national fiscus will enforce a declining dependence on transfers from other spheres of government.
R11	Own Source Revenue to Total Operating Revenue		83.5%	87.9%	87.4%	87.0%	86.7%	86.6%	
	Capital Grants to Total Capital Expenditure		20.3%	20.6%	19.6%	18.6%	17.6%	17.1%	



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OUTCOME OF THE INDEPENDENT FINANCIAL ASSESSMENT

Hessequa LM experienced strong financial performance in FY2017. The municipality realised an accounting surplus of R 138.8 million, compared to R 50.0 million in the previous year (an increase of R 88.8 million or 177.6%). This was mainly as a result of the significant increase in operating income of R 66.3 million (17.9%). 85% of the total operating income of R 435.9 million was generated from the municipality's own resources. Total operating expenditure increased by R 45.0 million (13.0%) during FY2017.

The strong financial performance by the municipality, in conjunction with a healthy collection rate of 97%, enabled the municipality to generate R 67.6 million in cash from its operations. This was R 30.4 million (54%) higher than the cash generated from operations in the previous year.

R 68.0 million of the cash generated from operations was utilised as part of a balanced funding mix, to increase the capital expenditure program of the municipality from a level of R 78.7 million in 2016 to R 122.2 million in 2017. The other sources of funding were capital grants of R 32.9 million (26.9%), financing of R 20 million (16.4%) and sale of fixed assets, which contributed R 1.3 million (1.0%).

Notwithstanding the borrowing of funds during the year, the municipality maintained a healthy lower level of gearing of 29% (compared to 33% in the previous year). The debt service cover ratio improved from 2.23 in 2016 to 2.69 in 2017, mainly as a result of the increase in cash generated by operations. It is imperative that the municipality maintain its ability to generate cash in future to service its debt, with debt service (capital and interest) at R 32.3 million per annum for the FY2017.

Positively, the municipality's interest income for the year exceeded its interest expense for the first time in seven years. This is due to the positive higher levels of cash and short term investments being maintained.

In addition to R 5.0 million (2.4%) increase in cash and cash equivalents, other debtors increased by R 7.9 million (66.4%), which was the main driver behind the R 15.0 million increase in current assets. Current liabilities, on the other hand, decreased by R 34.5 million (24.7%), primarily due to a sharp decrease in unspent conditional grants to the value of R 48.7 million (69.6%).

The movements in current assets and current liabilities improved the liquidity ratio of Hessequa LM from 1.79 in 2016 to a healthy 2.52 in 2017. The strong liquidity position in which the municipality finds itself, is underlined by the cash coverage ratio of 3.68 as at FYE2017, with R 154.26 in surplus cash over the minimum liquidity requirements.

It is still recommended that the municipality should start building a cash-backed Capital Asset Replacement Reserve as a prudent approach to managing and maintaining its asset base. The repairs and maintenance expense remained relatively low at R 16.27 million or 2% of the carrying value of PPE and investment property. This should be increased to approximately 8% of the carrying value of PPE and investment property to support the maintenance of assets and avoid unnecessary spikes in capital replacement in future years.

The debtors book should be monitored. It is critical for the sustainability of Hessequa LM to maintain a debtors collection rate of higher than 95%.



OUTCOME OF THE FUTURE PREDICTIONS

The latest version of IPM's Municipal Financial Model was populated with the latest available financial, demographic and economic data of Hesseque and calibrated against the municipality's MTREF. Due to the incremental adjustments made on the model each year we always place more reliance on the latest outcome, i.e. this 2017 Estimate.

The 2027 forecast Real Revenue per Capita is above the expected revenue per capita based on research done for municipalities with similar size economies and population sizes, but the expected to decline from the levels of 2017. Compared to a selection of municipalities in the Western Cape the household bill for a basket of services is in the second quartile of these bills. Revenue growth is above the assumed consumer inflation rate. Largely due to a growing number of indigents, the Municipal Revenue Risk Indicator (MRRRI) is "Medium". The municipality's high collection rate is laudable and the municipality should put all efforts in place to safeguard this performance in future.

Since the preparation of the Long Term Financial Plan in 2013, the capital investment programme has accelerated significantly. The reliance on external financing during the MTREF period will stretch the debt servicing ability of the municipality and a period of lower level of borrowings after 2018/20 is called for. The municipality is advised to ensure that asset replacement receives sufficient prominence in the investment programme.

The municipality's liquidity position, although healthy at present shows a tendency to worsen in future, but still within the proposed benchmarks. The funding of a cash backed capital replacement reserve ("CRR") is recommended, but the available cash expected in future will only allow this for short periods of time.

As demonstrated in the scenario analysis, a great variation of outcome for a realistic range of input variables is possible. It is therefore also possible that future performance will provide a different outcome to the base case scenario in

this report. It is however encouraging to note that the cash generated by operations remains positive for the planning period.

An analysis of the projected financial ratios reveals that a combination of increase in total liabilities and decline in current assets in future contributes towards a worsening of the Net Financial Liabilities Ratio². It also reveals that the municipality should prepare itself to become less reliant on fiscal transfers, not in the least because of the deteriorating national fiscus.

² Net Financial Liabilities Ratio = (Total Liabilities - Current Assets) / Operating Revenue (excl. Capital Grants)

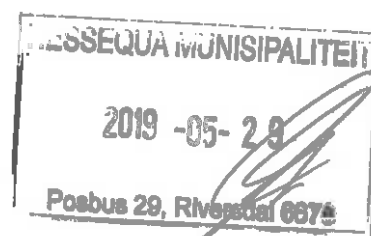


Review of Recommendations made in 2013

Refer to p. 41 – 43 of *Hessequa Local Municipality Long Term Financial Plan: 2014 – 2023*, October 2013. Comments on the progress with the implementation of recommendations are informed by our latest assessment and the progress reported in the *Hessequa 2015/16 Annual Report: March 2017*

TABLE 8: PROGRESS MADE WITH RECOMMENDATIONS

NO.	RECOMMENDATION	COMMENT
1	Increase Municipal Revenues	Remains Relevant. The Stilbaai 66kV bulk electricity project is key to the generation of future revenue.
2	Sell investment Property	The MTREF budget returns accounting deficits for the MTREF period and with the ambitious capital investment programme expected the sale of investment property remains an alternative funding source
3	Manage expenses	The current economic environment in South Africa impacts negatively on the ability of households to afford services. Therefore in an attempt to support its rate paying community, cost control remains an important objective of the municipality.
4	Maintain Liquidity Reserve	Liquidity has improved, but the recommendation remains relevant, especially in the light of an expected downward trend of liquidity in future
5	Downward Adjustment of Salaries and Wages Bill	The average percentage employee related expenses to total expenditure is estimated to be less than 33% during the 10-Year period and is within the benchmark proposed by National Treasury (40%).
6	Support to indigents	Remains relevant. Continuously review affordable service levels.
7	Prioritise capital investment programme	The capex demand (new and replacement capex) was determined during the preparation of the LTFF in 2013 and needs to be revisited. Whereas the original recommendation encouraged more capital expenditure, the tide has now turned and the municipality should take care that its accelerated capex programme remains affordable.
8	Assess condition of assets accurately	Remains relevant to ensure timely replacement
9	Migrate asset register to become a decision-making tool.	Remains relevant.
10	Debt affordability	The ambitious borrowing programme during the MTREF period should be followed by a more cautious approach thereafter
11	Recommendations emanating from discussion with Executive Management.	All recommendations remain relevant to the extent not yet achieved.
<i>New Recommendations added in the 2015 Estimate:</i>		
13	Align external fund raising to capex programme	Ensure that future borrowings are aligned to the expected capital spending pattern. This recommendation remains valid but borrowings also need to be phased to ensure that gearing and liquidity criteria are met.
14	Cash back a Capital Replacement Reserve ("CRR")	The cash surplus generated is not sufficient to cash back the depreciation charge in a CRR, but the estimates indicate that the municipality should be able to reserve a percentage of the depreciation charge at times.
15	Adjust R&M budget upwards.	Continuously increase the R&M budget to reach the proposed 8% of Carrying Value of assets to ensure the health of existing assets. This recommendation remains valid

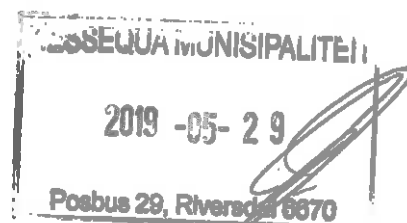


PROJECTED FINANCIAL STATEMENTS

Municipal Financial Model - Hesseque Municipality Statement of Financial Position

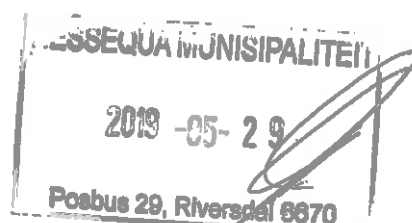
Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
R thousands										
Non-current assets:	848 893	900 698	953 852	1 010 893	1 072 781	1 139 585	1 211 682	1 289 449	1 373 355	1 463 852
Property, plant and equipment	795 182	848 498	900 958	957 700	1 019 084	1 085 358	1 158 938	1 234 201	1 317 581	1 407 545
Intangible assets	321	298	277	265	233	211	189	167	145	123
Investment properties	51 378	51 882	52 411	52 835	53 484	53 988	54 637	55 081	55 830	56 184
Investments	-	-	-	-	-	-	-	-	-	-
Long-term receivables	12	9	5	3	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Current assets:	237 583	238 104	235 202	212 014	188 508	166 258	162 068	170 863	181 078	202 154
Inventories	2 557	2 790	2 994	3 217	3 451	3 703	3 976	4 270	4 593	4 942
Trade and other receivables	48 981	48 991	48 981	48 981	48 991	48 991	48 991	48 991	48 991	48 991
Cash & Short-term investments	186 015	186 323	185 217	161 807	136 066	115 564	111 102	119 402	129 492	150 222
TOTAL ASSETS	1 086 476	1 138 802	1 189 055	1 222 907	1 261 289	1 305 822	1 373 750	1 460 312	1 554 432	1 666 006
Municipal Funds:	752 679	759 562	768 791	782 050	770 357	785 537	807 423	838 358	881 405	939 499
Housing development fund & Other Cash Backed Reserves	246	246	246	246	246	246	246	246	246	246
Reserves (Not Cash Backed)	-	-	-	-	-	-	-	-	-	-
Accumulated surplus	752 434	759 307	768 545	781 805	770 112	785 291	807 177	838 112	881 159	939 254
Non-current liabilities:	278 707	321 258	368 829	387 367	425 251	449 823	491 598	535 826	582 221	635 072
Long-term liabilities (Interest Bearing)	138 810	162 254	189 238	195 750	200 085	199 418	214 209	229 884	246 086	264 880
Non-current provisions	139 897	159 004	179 590	201 617	225 166	250 405	277 389	306 262	337 156	370 212
Current liabilities:	55 070	57 892	61 235	63 480	65 581	70 482	74 709	85 829	90 805	91 435
Consumer deposits	5 483	5 828	6 184	6 586	7 002	7 447	7 821	8 428	8 970	9 507
Provisions	7 181	7 453	7 704	7 870	8 252	8 551	8 988	9 204	9 580	9 937
Trade and other payables	15 439	16 286	16 015	15 446	14 721	13 818	12 711	13 651	14 075	15 785
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Current portion of interest bearing liabilities	23 967	28 446	31 322	33 488	35 686	40 646	45 209	54 545	57 598	58 205
TOTAL MUNICIPAL FUNDS AND LIABILITIES	1 086 476	1 138 802	1 189 055	1 222 907	1 261 289	1 305 822	1 373 750	1 460 312	1 554 432	1 666 006

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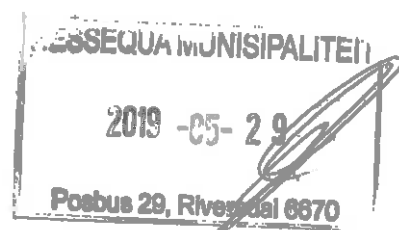
Municipal Financial Model - Hesseque Municipality
Statement of Financial Performance

Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
R thousands										
Revenue										
Property rates	78 733	83 225	89 627	97 042	104 788	113 173	122 360	132 408	143 443	155 443
Service Charges	198 312	210 810	225 862	245 344	267 556	292 267	319 334	349 258	382 495	419 101
Rental of facilities and equipment	14 227	15 374	16 502	17 694	18 947	20 268	21 734	23 303	25 016	26 859
Interest earned - external investments	13 564	12 033	10 734	10 372	8 839	7 549	6 383	5 244	4 284	3 440
Interest earned - outstanding debtors	3 987	3 174	3 175	3 409	3 663	3 976	4 353	4 791	5 297	5 872
Dividends received	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	41 334	44 841	48 212	50 823	53 164	55 811	58 802	61 532	64 609	67 839
Licences and permits	1 425	1 531	1 643	1 775	1 924	2 094	2 285	2 488	2 731	2 985
Agency fees/fees	1 960	2 108	2 275	2 275	2 275	2 275	2 275	2 275	2 275	2 275
Transfers and subsidies (operating)	71 489	62 844	58 700	62 381	68 493	75 157	82 460	90 499	99 383	109 118
Other revenue	8 103	8 758	9 398	10 677	10 791	11 554	12 378	13 272	14 248	15 297
Gain / (Loss) on disposal of PPE	2 500	2 500	2 500	2 800	2 700	2 800	2 900	3 000	3 100	3 200
Revaluation on investment property gain / (loss)	—	—	—	—	—	—	—	—	—	—
Total revenue before Capital Grants	433 573	436 893	468 832	503 594	543 197	596 945	635 054	689 080	749 458	815 827
Capital Grants	15 917	15 853	17 395	18 201	18 045	19 929	20 855	21 826	22 843	23 908
Public & developers contributions	—	2 500	—	—	—	—	—	—	—	—
Total Revenue after Capital Grants	449 490	455 346	486 227	521 794	562 241	606 875	655 909	710 906	772 300	839 536
Operating expenditure										
Employee related costs	151 679	163 988	176 263	189 549	203 565	218 518	234 475	251 526	269 757	289 272
Remuneration of councillors	8 899	7 340	7 759	8 193	8 641	9 113	9 617	10 167	10 741	11 376
Debt impairment	39 879	42 783	46 125	49 789	51 808	54 630	57 864	61 298	64 985	68 921
Depreciation and asset impairment	28 271	30 195	32 008	33 951	36 041	38 351	40 888	43 600	46 567	49 782
Finance charges	19 152	23 317	27 005	28 229	29 112	29 765	32 254	36 291	38 220	40 676
Bulk purchases	88 700	94 376	101 720	108 823	116 873	125 225	134 444	144 444	155 348	167 107
Other Materials	25 198	27 770	29 794	32 072	34 484	37 075	39 879	42 931	46 269	49 891
Contracted services	46 401	28 963	32 420	34 763	37 224	39 859	42 700	45 783	49 145	52 789
Transfers and subsidies	977	977	977	1 032	1 088	1 148	1 211	1 279	1 353	1 432
Other expenditure	25 557	28 807	30 919	33 154	35 501	38 014	40 723	43 663	46 870	50 328
Total Expenditure	433 611	446 473	484 988	518 535	553 934	591 695	634 023	679 971	729 253	781 441
Surplus/ (Shortfall) for the year	15 880	8 873	(7 761)	3 259	8 307	15 179	21 886	30 935	43 047	58 094



Municipal Financial Model - Hessequa Municipality
Cash Flow Statement

Model year	1	2	3	4	5	6	7	8	9	10
Financial year (30 June)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
R thousands										
Cash flows from Operating Activities										
Surplus/Deficit for the year <u>excluding</u> Capital Grants	16 000	8 873	(761)	3 289	6 307	15 176	21 806	30 835	43 047	60 084
Surplus/Deficit for the year <u>including</u> Capital Grants & Contributions	(37)	(11 480)	(18 156)	(14 941)	(10 737)	(4 750)	1 031	9 109	20 205	34 156
Capital Grants & Contributions	15 917	10 353	17 395	15 201	16 045	19 926	20 835	21 836	22 843	25 908
Adjustments for non-cash items:										
Depreciation, amortisation and impairment loss	28 271	30 195	32 008	33 951	36 041	38 351	40 868	43 600	46 567	49 782
Revaluation on investment property (gain) / loss	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease from) current provisions & non-interest bearing liabilities	(423)	272	251	266	282	298	317	335	358	377
Increase / (Decrease from) other non-current provisions & non-interest bearing liabilities	12 677	19 107	20 588	22 027	23 559	25 219	26 984	28 873	30 894	33 057
(Increase) / (Release from non-current interest bearing assets	-	-	-	-	-	-	-	-	-	-
Capitalised interest	-	-	-	-	-	-	-	-	-	-
Operating surplus before working capital changes:	56 406	56 447	52 082	59 504	66 200	79 048	80 053	103 743	120 864	141 311
Change in WCC Investment	(55 217)	(2 406)	(466)	(792)	(960)	(1 155)	(1 379)	645	704	759
(Increase)/Decrease in inventories	628	(233)	(204)	(223)	(235)	(252)	(272)	(295)	(323)	(349)
(Increase)/Decrease accounts receivable	2 257	-	-	-	-	-	-	0	-	-
Increase/(decrease) in trade payables	(88 102)	(2 173)	(251)	(599)	(726)	(903)	(1 107)	941	1 038	1 107
Net cash flow from Operating activities	1 188	54 041	51 627	59 712	67 238	77 684	86 574	104 389	121 567	142 069
Cash flows from Investing Activities										
Capital expenditure	(78 374)	(63 486)	(64 444)	(60 671)	(67 384)	(104 821)	(112 425)	(120 842)	(129 924)	(139 725)
Decrease/(Increase) in non-current receivables	1	3	3	3	3	-	-	-	-	-
(Additions) / Disposals of investment property	19 617	(514)	(519)	(524)	(529)	(534)	(539)	(544)	(549)	(554)
Net cash flow from Investing activities	(58 756)	(64 000)	(64 950)	(61 162)	(67 910)	(105 155)	(112 964)	(121 385)	(130 473)	(140 279)
Cash flows from Financing Activities										
New loans raised	52 277	53 889	59 306	40 000	40 000	40 000	60 000	70 000	73 000	76 000
Loans repaid	(16 795)	(23 957)	(26 445)	(31 322)	(33 458)	(35 656)	(40 646)	(45 269)	(54 545)	(57 568)
(Decreases) / Increase in consumer deposits	322	345	368	391	417	445	474	507	542	537
Net cash flow from Financing activities	33 604	30 287	33 228	9 070	6 959	4 759	19 828	25 238	18 995	18 939
Change in Cash	(23 764)	308	(3 105)	(23 411)	(23 741)	(22 502)	(4 462)	8 300	10 080	20 729
Cash/(Overdraft), Beginning	211 779	188 016	188 323	165 217	161 807	136 085	115 664	111 102	119 402	129 462
Cash/(Overdraft), Ending	188 015	188 323	185 217	161 807	136 065	118 584	111 102	119 402	129 482	180 232



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